NEWS ANALYSIS 1-0160 FEBRUARY 12, 1976
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THE LOCKHEED CASE

ANNCR: THE LATEST ADMISSIONS BY A LEADING AMERICAN PLANE MANUFACTURER THAT IT HAS PAID SUBSTANTIAL BRIBES TO FOREIGN OFFICIALS ARE CAUSING AN INTERNATIONAL FUROR AND HAVE DRAWN FIRE FROM THE WHITE HOUSE AND THE U.S. TREASURY DEPARTMENT. NEWS ANALYST FRED GALVAN HAS THESE THOUGHTS:

VOICE: THE LATEST DISCLOSURES BY LOCKHEED AIRCRAFT CORPORATION HAVE TOUCHED OFF POLITICAL STORMS I N JAPAN, ITALY, TURKEY, THE NETHERLANDS AND INVESTIGATIONS IN COLOMBIA, VENEZUELA, MEXICO, AND OTHERS. THE BRIBES WHICH LOCKHEED ADMITS PAYING WERE FOR THE OSTENSIBLE PURPOSE OF SECURING SALES OF ITS AIRCRAFT TO THOSE COUNTRIES. HERE IN THE UNITED STATES THERE IS WIDESPREAD INDIGNATION AT ACTIVITIES THAT ARE CONSIDERED AT LEAST UNETHICAL IF NOT ILLEGAL, AND DAMAGING TO AMERICAN FOREIGN POLICY AND THE IMAGE OF U.S. BUSINESS ABROAD.

PRESIDENT FORD REFLECTED THAT INDIGNATION TUESDAY WHEN HE RELEASED A STATEMENT THROUGH HIS WHITE HOUSE SPOKESMAN, RON NESSEN. MISTER NESSEN TOLD REPORTERS THAT THE PRESIDENT IN NO WAY CONDONES WHAT HE CONSIDERS ILLEGAL ACTIVITIES BY AMERICAN CORPORATIONS OPERATING OVERSEAS AND INDEED CONDEMNS THEM IN THE STRONGEST TERMS. MISTER NESSEN ALSO SAID THE PRESIDENT HAS ORDERED A REVIEW OF ANY SUCH ACTIVITIES BY CORPORATIONS OR THEIR EXECUTIVES-- AN INQUIRY THAT COULD LEAD TO PUNISHMENT OF THE GUILTY.AND TREASURY SECRETARY (WILLIAM) SIMON SAID HIS DEPARTMENT WOULD INTENSIFY AND BROADEN ITS INVESTIGATION INTO IMPROPER PAYMENTS BY AMERICAN CORPORATIONS OPERATING ABROAD. MISTER SIMON SAID HE INTENDS TO SEE TO IT THAT NO REDUCTION IN TAX LIABILITIES GOES TO THOSE MAKING SUCH PAYMENTS.

THE LOCKHEED DISCLOSURES HAVE REAWAKENED PUBLIC INTEREST IN EFFORTS BY THE AMERICAN BUSINESS COMMUNITY AND THE GOVERNMENT ITSELF TO INTEREST OTHER GOVERNMENTS IN A FAIR CODE OF CONDUCT FOR THEMSELVES AND THE FOREIGN BUSINESSMAN. SECRETARY OF STATE KISSINGER LAST YEAR URGED ADOPTION OF SUCH A CODE BY THE UNITED NATIONS AT ITS SPECIAL GENERAL ASSEMBLY SESSION-- AND A U.N. BODY IS ALREADY AT WORK ON THE PROJECT. AMERICAN FIRMS THEMSELVES AND BUSINESS GROUPS HAVE BEEN WORKING ON THE PROBLEM-- SOME OF THEM HAVE ALREADY ESTABLISHED SUCH CODES FOR THEMSELVES.

(OPT) AMONG THEM ARE THE CATERPILLAR CORPORATION, THE INTERNATIONAL CHAMBER OF COMMERCE OF THE UNITED STATES, THE PACIFIC BASIN ECONOMIC COUNCIL. AND IN EUROPE, THE ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD) IS ALSO AT WORK ON THE ISSUE AT UNITED STATES URGING. (END OPT)

IN ALL THIS, OF COURSE, SOME BUSINESSMEN ARGUE THAT CERTAIN BASIC CONSIDERATIONS MUST BE TAKEN INTO ACCOUNT-- SOME MORAL AND ALL FOUNDED ON PRAGMATISM. IN THE CASE OF BRIBES AND OTHER ILLEGAL PAYMENTS BY FOREIGN FIRMS TO GOVERNMENT OFFICIALS, UNQUESTIONABLY SUCH TACTICS ARE DEPLORABLE. BUT IF THE GOVERNMENT OFFICIALS WERE NOT OPEN TO BRIBES, THE BUSINESSMAN WOULD NOT OFFER THEM. IN OTHER WORDS, THESE BUSINESSMEN MAINTAIN, IT TAKES TWO TO TANGO. FOR ANY BUSINESSMAN IS PRIMARILY INTERESTED IN MAKING THE MOST PROFITABLE DEAL POSSIBLE FOR HIS FIRM, AND ANY EXTRA PAYMENTS ONLY REDUCE THE PROFITS FLOWING FROM THE DEAL. AT THE SAME TIME, IF THE POLITICAL OR COMMERCIAL CLIMATE OF A COUNTRY IS SUCH THAT THE BUSINESSMAN IS CONVINCED THAT IF THE BRIBE IS NOT PAID, HIS COMPETITOR WILL GET THE CONTRACT,

THEN HE FACES A REAL DILEMMA. FOR IF THE DEAL FALLS THROUGH IT CONCEIVABLY COULD MEAN A SETBACK FOR HIS COMPANY, WITH ITS CONSEQUENCES IN TERMS OF JOBS BACK HOME, AND SO FORTH.

BUT THE LOCKHEED CASE HAS SHOWN JUST HOW ERRONEOUS A PHILOSOPHY THAT IS. THE SCANDALS GENERATED IN JAPAN AND OTHER COUNTRIES IN WHICH QUESTIONS ARE BEING RAISED ABOUT DOING BUSINESS WITH LOCKHEED ILLUSTRATE THIS. THEY HIGHLIGHT AN OLD TRUTH RECOGNIZED BY RESPONSIBLE BUSINESSMEN EVERYWHERE. IT IS THAT BAD BUSINESS PRACTICES GENERATE BAD BUSINESS. MOREOVER--THE LOCKHEED CASE SERVES TO POINT UP THE NEED FOR A TIGHTLY-DRAFTED CODE OF CONDUCT FOR BOTH BUSINESSES AND GOVERNMENTS.

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